

## PREDEVELOPMENT RETAINER AGREEMENT

THIS PREDEVELOPMENT RETAINER AGREEMENT is entered into this 21st day of June, 2012, between **THE COLORADO SPRINGS URBAN RENEWAL AUTHORITY** (the "Authority"), and **NORTHGATE PROPERTIES, LLC**, (the "Developer") and **THE COPPER RIDGE METROPOLITAN DISTRICT** ( the "District").

### RECITALS:

The parties hereto recite and declare as follows:

An Urban Renewal Plan has been approved for the property (the "Property") described in The Copper Ridge Urban Renewal Plan adopted by the City of Colorado Springs' City Council in 2010 (the "Plan").

Northgate Properties, LLC is the owner of all of the private Property (or has obtained agreements with all other property owners for the inclusion of their properties in the Plan) and all such Property is subject to the Plan.

Developer has agreed to develop the Property in accordance with the uses specified in the Plan and to cooperate with the extension of Powers Boulevard from its present terminus point to Interstate 25 (the "Powers Boulevard Extension").

District has been established to support construction of public improvements, to include a section of the Powers Boulevard Extension, necessary and beneficial to the land development goals of the Developer.

The parties anticipate that a Development Agreement and other supporting documentation and agreements (the "Copper Ridge Agreements", as defined below) will be negotiated, drafted and entered into in the future setting forth in detail the agreements between the Authority, the District and the Developer relating to development of the Property and use of the Tax Increment Financing generated by the Property.

NOW THEREFORE, in consideration of the above recitals and the covenants and conditions of this Agreement, the parties agree as follows:

1. The Developer shall pay to the Authority, upon the execution of this Predevelopment Retainer Agreement, a retainer deposit in the amount of \$20,000.00 (the "Deposit"). The Deposit is intended to secure the obligation of the Developer to pay all reasonable costs and expenses of the Authority in connection with negotiation, drafting, execution and performance of (i) the Development Agreement, (ii) a Sales Tax Cooperation Agreement with the City of Colorado Springs, (iii) other inter-governmental agreements between the Authority, Developer, District, City, County and/or School Districts, (iv) financing, loan, bond or other forms of financing agreements, and (v) other agreements arising out of or related to the foregoing (collectively the "Copper Ridge Agreements").
2. The Authority will deposit the Deposit into a separate bank account owned by the Authority. If the account is an interest-bearing account, all interest will accrue and be added to the amount of the Deposit.
3. The Authority shall be entitled to withdraw funds from the Deposit from time to time, subject to the provisions of Section 5, for reasonable costs and expenses incurred in connection with the Copper Ridge Agreements. Such expenses shall include, but shall not be limited to, studies (such as economic impact reports, market feasibility studies, etc.), legal fees, time allocated by Authority's staff to the Copper Ridge project (billed at the following initial rates, subject to reasonable increases from time to time upon notice to Developer: Executive staff \$120.00 per hour, Administrative office staff \$35.00 per hour, plus 15% of the foregoing hourly rates for office overhead), hard costs and expenses, and other third-party consultants' fees and expenses.
4. The Authority shall periodically (but no less often than quarterly) send to Developer a written reconciliation summary of its use of the Deposit. At such time as the initial Deposit is less than \$3000.00, (or reasonably projected to be less than \$3000.00 based upon anticipated necessary expenditures in connection with the Copper Ridge Agreements), the Authority shall notify Developer of the amount of additional funds needed to replenish the Deposit. The Developer shall pay such additional amount within ten (10) days of the date of such notice. Any such payments will be made pursuant to the provisions of Section 5 regarding a scope of work (the "Scope") agreed to among the parties to this Agreement. The parties to this agreement understand that the total cost for any Scope may not be known in advance. However, the Authority will provide an estimate of cost for each Scope, which shall not be binding on the Authority but which will provide the Developer and the District with an estimate for their budgeting purposes. The Authority (its staff and consultants) shall be entitled to cease all work on the Copper Ridge project until such time as the additional funds have been received. Upon completion of the Copper Ridge Agreements, or earlier upon a written agreement which specifically supersedes the payment provisions of this Predevelopment Retainer

Agreement, any funds remaining in the Authority's Copper Ridge account shall be returned to the Developer.

5. Upon payment of the Deposit, the parties hereto will proceed with good faith and reasonable diligence to finalize and sign a Development Agreement setting forth in detail the terms, conditions and obligations of the parties relating to development of the Property, and thereafter proceed with the additional Copper Ridge Agreements.

The Authority and the Developer agree that work necessary to the documentation and implementation of the Plan should proceed based upon a mutually agreed upon Scope. The purpose is to allow both parties to focus their efforts on the agreements, studies, financial analysis and other work products deemed timely, to direct the financial resources towards the costs associated with each scope of work and to allow the parties to make reasonable estimates regarding the funding requirements of Section 4 above. The initial Scope shall include:

- A. Preparation and execution of a Cooperation Agreement between the City of Colorado Springs and the Authority.
- B. Preparation and execution of a Development Agreement between the Authority and the Developer.

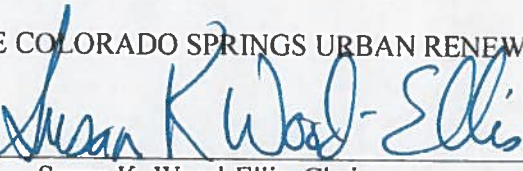
The Authority and the Developer agree that preparation and execution of these documents should precede all other activities contemplated under this Agreement. Upon completion of the execution of these two agreements, a subsequent Scope will be prepared for approval by both parties.

6. In the event Developer fails or refuses to pay the additional sums required pursuant to Section 4 above, in addition to the Authority's right to cease all further work on the Copper Ridge project, to the extent the Authority is obligated to pay (or entitled to reimbursement of) sums reasonably incurred in furtherance of this Predevelopment Retainer Agreement, the Authority shall be entitled to collect all such sums from Developer, and Developer and District shall be jointly and severally liable to pay such amounts to the Authority. Additionally the Authority shall be awarded all costs and expenses incurred by the Authority in connection with such collection action, including its reasonable attorneys' fees and costs.


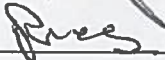
7. This Predevelopment Retainer Agreement shall specifically survive the execution and performance of the Copper Ridge Agreements (except as specifically set forth therein), and shall be binding upon the parties hereto and their respective heirs, successors and assigns.

IN WITNESS WHEREOF the parties have entered into this Predevelopment Retainer Agreement effective this 21st day of June 2012.

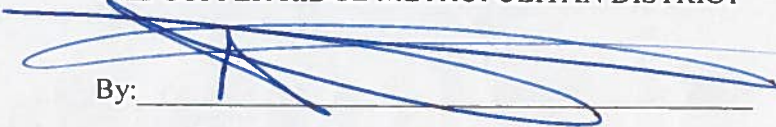
THE COLORADO SPRINGS URBAN RENEWAL AUTHORITY

By:   
Susan K. Wood-Ellis, Chair

NORTHGATE PROPERTIES, LLC

By:   
Its: 

THE COPPER RIDGE METROPOLITAN DISTRICT

By:   
Its: Secretary

STATE OF COLORADO            )  
  )ss.  
COUNTY OF EL PASO         )